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# Vietnam Exporter Guide Update 2008

**Approved by:** Valerie Ralph U.S. Embassy

Prepared by:

Truong Minh Dao/Bui Thi Huong

**Report Highlights:** This report provides updates on Vietnam's policies and regulations relevant to importing food and agricultural products, particularly consumer-oriented food and drink. General requirements for exporting to Vietnam are also included along with information specific to exporting from the United States.

Includes PSD Changes: No Includes Trade Matrix: No Annual Report Hanoi [VM1] [VM]

# **TABLE OF CONTENTS**

DISCLAIMER	
SECTION 1: MARKET OVERVIEW	
Frade Shows	
SECTION II: EXPORTER BUSINESS TIPS	
(1) Local Business Customs and Market Entry Strategy	
(2) Consumer Preferences	
(3) Food Standards and Regulations	
(4) Trading and Distribution Rights	
(5) Representative Offices	
(6) Credit & Finance / Letters of Credit	
(7) Supermarket Tips & Cold Chain Woes	
(8) General Inspection Procedure for Imported Products (Entry point Testing)	
(9) Location of Inspection	
(10) Import Duties & Fees	
(11) Document Package	
(12) Labeling	
(13) Phytosamilary and Samilary inspection & Required Export Certificates	
(14) Special Warning regarding Certificates of Origin and Packing Lists	
(16) Import Quota	
(17) Imports of GM foods and GM products	
(18) Enforcement Concerns	
SECTION III: MARKET SECTOR STRUCTURE AND TRENDS	
Food Processing Sector	
Food Service Sector	
SECTION IV: BEST HIGH-VALUE PRODUCT PROSPECTS	14
Chilled and Frozen Meat	15
Chilled and Frozen Meat	
	15
Dairy products  Fresh Fruit  Snack Foods	15 15
Dairy products  Fresh Fruit  Snack Foods  Canned Fruits & Vegetables	15 15 1 <i>6</i> 1 <i>6</i>
Dairy products  Fresh Fruit  Snack Foods  Canned Fruits & Vegetables  Canned Meat Products	15 16 16 16
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products Tree Nuts	15 16 16 16 16
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts. Dried fruits	15 16 16 16 16 16
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products Tree Nuts Dried fruits Wine & Juices	15 16 16 16 16 16 16
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products Tree Nuts Dried fruits Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION	15 16 16 16 16 16 16
Dairy products  Fresh Fruit  Snack Foods  Canned Fruits & Vegetables  Canned Meat Products  Tree Nuts  Dried fruits  Wine & Juices  SECTION V: KEY CONTACTS AND FURTHER INFORMATION  U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS)	15 16 16 16 16 16 17
Dairy products  Fresh Fruit  Snack Foods  Canned Fruits & Vegetables  Canned Meat Products.  Tree Nuts.  Dried fruits.  Wine & Juices  SECTION V: KEY CONTACTS AND FURTHER INFORMATION  U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS)  State Regional Trade Groups	15 16 16 16 16 16 17 17
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts. Dried fruits Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups FAS Cooperators and Participants	15 16 16 16 16 17 17
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products Tree Nuts Dried fruits Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups FAS Cooperators and Participants USDA/FAS Offices in Vietnam	15 16 16 16 16 17 17 17
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts. Dried fruits Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups. FAS Cooperators and Participants USDA/FAS Offices in Vietnam. Key Government Contacts.	15 16 16 16 16 17 17 17
Dairy products  Fresh Fruit  Snack Foods  Canned Fruits & Vegetables  Canned Meat Products.  Tree Nuts.  Dried fruits  Wine & Juices  SECTION V: KEY CONTACTS AND FURTHER INFORMATION  U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS)  State Regional Trade Groups  FAS Cooperators and Participants  USDA/FAS Offices in Vietnam.  Key Government Contacts.  APPENDIX-STATISTICS	15 16 16 16 16 17 17 17 18 18
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts. Dried fruits. Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups. FAS Cooperators and Participants USDA/FAS Offices in Vietnam. Key Government Contacts. APPENDIX-STATISTICS Table 1: Key Trade and Demographic Information	15 16 16 16 16 17 17 17 18 18 22
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts Dried fruits. Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups. FAS Cooperators and Participants USDA/FAS Offices in Vietnam. Key Government Contacts. APPENDIX-STATISTICS Table 1: Key Trade and Demographic Information Table 2: Imports of consumer foods and edible fishery products to Vietnam (N/A)	15 16 16 16 16 17 17 17 17 18 22 23
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts. Dried fruits. Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups. FAS Cooperators and Participants USDA/FAS Offices in Vietnam. Key Government Contacts. APPENDIX-STATISTICS Table 1: Key Trade and Demographic Information Table 2: Imports of consumer foods and edible fishery product (N/A) Table 3: Top 15 suppliers of consumer food and edible fishery product (N/A)	15 16 16 16 16 17 17 17 18 22 23
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts Dried fruits. Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups. FAS Cooperators and Participants USDA/FAS Offices in Vietnam. Key Government Contacts. APPENDIX-STATISTICS Table 1: Key Trade and Demographic Information Table 2: Imports of consumer foods and edible fishery products to Vietnam (N/A)	15 16 16 16 17 17 17 17 18 22 23 2007
Dairy products Fresh Fruit Snack Foods Canned Fruits & Vegetables Canned Meat Products. Tree Nuts Dried fruits Wine & Juices SECTION V: KEY CONTACTS AND FURTHER INFORMATION U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS) State Regional Trade Groups FAS Cooperators and Participants USDA/FAS Offices in Vietnam Key Government Contacts. APPENDIX-STATISTICS Table 1: Key Trade and Demographic Information Table 2: Imports of consumer foods and edible fishery products to Vietnam (N/A) Table 3: Top 15 suppliers of consumer food and edible fishery product (N/A) Table 4: Vietnam Exports-Imports of Agriculture, Fishery and Forest Products, 2006 -	15 16 16 16 17 17 17 17 18 22 23 2007 23

#### DISCLAIMER

This report was prepared by the Office of Agricultural Affairs of the USDA/Foreign Agricultural Service in (Hanoi and Ho Chi Minh City, Vietnam) for U.S. exporters of domestic food and agricultural products. While every possible care was taken in the preparation of this report, information provided may not be completely accurate either because policies have changed since its preparation or because clear and consistent information about these policies was not available. It is highly recommended that U.S. exporters verify the full set of import requirements with their foreign customers, who are normally best equipped to research such matters with local authorities, before any goods are shipped. FINAL IMPORT APPROVAL OF ANY PRODUCT IS SUBJECT TO THE IMPORTING COUNTRY'S RULES AND REGULATIONS AS INTERPRETED BY BORDER OFFICIALS AT THE TIME OF PRODUCT ENTRY

#### SECTION 1: MARKET OVERVIEW

This report provides U.S. exporters with basic information on exporting high-value consumer-oriented foods and beverages to Vietnam.

Vietnam has a dynamic, young, educated population of over 86 million consumers and currently enjoys one of the fastest GDP growth rate in Asia. From 2001 to 2007 the economy grew at an average rate of over 7 percent per year, with economic growth climbing to a record 8.5 percent in 2007. Growth in the retail sector has been even higher at an annual average rate of 10 percent over the last 5 years, thus earning Vietnam the rank of third in Asia, after China and India. The outlook for high-value foods and beverages is excellent.

Vietnam is nonetheless both an opportunity and a challenge for exporters. At times the maze of seemingly conflicting regulations may seem a formidable barrier to trade, but the country is evolving and becoming more business friendly. The improved economic environment owes much to Vietnam's integration into the global trade community. Vietnam is a member of ASEAN and became the 150<sup>th</sup> member of WTO in January 2007, and thus pledged to not just lower import tariffs and eliminate quotas but also to increase market access for goods and services, strengthen IPR protection, help enhance legislative and regulatory transparency as well as commercial dispute settlement and trade facilitation. To its credit, Vietnam has made large strides in lowering tariffs, particularly on key food commodities, cutting tariffs three times since accession, and in some cases, even beyond the bound rate in an effort to combat high inflation.

In 2007, total import trade was valued at \$60.8 billion, an increase of 35.5 percent over 2006; exports were valued at \$48.4 billion and continue to grow at about 22 percent per year. Tourism and remittance income are vital sources of foreign exchange for Vietnam. Remittance income from Vietnamese abroad contributes about \$5 billion annually to the economy, while tourism contributes a further \$3.6 billion. Tourists are a driving force in the demand for imported high-value food products particularly from the hotel and restaurant industry. Tourism has been growing at a rate of about 10 percent annually.

Consumption of imported consumer-ready foods is expanding. Unofficial trade data indicate that Vietnam imported about \$660 million in consumer-oriented agricultural products and \$200 million in edible fishery products as part of the estimated \$4.2 billion in agricultural, fish and forestry products imported in 2007. The actual level of consumer-ready imports is likely even higher, given Vietnam's porous borders and under-invoicing practice.

U.S. food products are favored by consumers for their high quality, safety and innovation. Exports of high value and consumer-oriented U.S. food and beverage to Vietnam have seen rapid growth in recent years. After hovering around the \$20 million mark for several years, these exports grew to over \$51 million in 2004 and a record \$210 million in 2007, a year-on-year increase of 90 percent, and 32 percent of Vietnam's total consumer-oriented imports. U.S. market share for these products should increase even more in the coming years as Vietnam has lowered import duty on several of these products. Key consumer items include dairy products (including for manufacture), chilled & frozen meat (beef and pork), frozen poultry, fresh fruits, snack foods, packaged foods (canned fruit & vegetables, canned meat, juices, condiments, sauces, dried fruits & tree nuts, wines and confectionary. Tariff rates for musclemeat beef, chicken and pork have been lowered to 12, 12 and 20 percent, respectively, and tariff on NFDM is now as low as 5 percent.

Rapid growth in Vietnam's retail trade is being fueled by a combination of strong economic growth, rising income levels (particularly disposable income), a large young population, a growing middle class and increasing exposure to a Western lifestyle. More and more urban consumers are opting for an international shopping experience, shifting from the 'traditional' to the 'modern' trade. (i.e. supermarkets and shopping malls vs. wet markets) This trend has been a driving force in increasing imports of Western food products. Still, there are obstacles to increasing the U.S. market share. It often seems that U.S. suppliers are either unfamiliar with the market or unable to evaluate a potential importer. In addition, for some products the small order size (typically case-lots, not container loads or consolidated container loads) is a disincentive to target this market, thus many U.S. products are transshipped through Hong Kong or Singapore, thereby adding handling costs and increasing delivery times. However, marketing efforts made now will pay large dividends in the future as the Vietnam market will continue to grow for the foreseeable future.

#### **Trade Shows**

Almost everything in Vietnam is changing quickly, and so is the high-value product/consumer-oriented food market. The Agricultural Affairs offices in Hanoi and Ho Chi Minh City (HCMC) are ready to assist you in fine-tuning your export activities for Vietnam. We encourage you to assess market prospects first-hand as face-to-face contact is very important, particularly in the initial stages of business relationships. Our HCMC office organizes a USDA booth at Vietnam's international food show, the Food & Hotel Vietnam, held bi-annually in HCMC. There are also regional shows in Hong Kong (HOFEX, often held in May) and Singapore (Hotel and Food/Asia (HFA)) held every two years. Many leading Vietnamese firms also attend HOFEX and HFA.

#### Series of Reports on Food and Agricultural Import Regulation and Standards (FAIRS)

This report should be used in conjunction with our other commodity reports, especially the Food and Agricultural Import Regulations and Standards (FAIRS) reports <u>VM8057</u> (FAIRS); <u>VM7070</u> (FAIRS Export Certificate); <u>VM8055</u> (Maximum Residue Levels). Despite our attempts to update all reports, some information will quickly become dated. Please contact the Hanoi and HCMC offices for the most up-to-date information.

U.S. Advantages	Challenges for U.S. Exporters
Increasing incomes and a rapidly-growing middle class enamored with American culture (music, movie, fashion) which carries over to American food.	Price-sensitive consumers. Significantly higher shipping costs and transportation time than Asia and Oceania.
U.S. foods are recognized as high quality items and great value for the price.	Twenty-year absence from this market limits knowledge of U.S. foodstuff suppliers, with the general preference being for European (especially French) food items.
Low level of competition from other U.S suppliers in the market.	Vietnamese urban dwellers are slow to try new types of Western food.
Vietnam's accession to WTO in 2007 has helped reduce tariff on several food items and created a better business environment with more liberalized trading and service practices.	High tariffs, cumbersome and excessive customs requirement; non-science based sanitary and phytosanitary requirements on animal and plant products persist and the regulations are slow to change.
Voluntary tariff reductions on beef, poultry, corn, SBM, soybeans and dairy products, among others, even beyond final bound rates.	Low tariff applied on food products imported from South East Asian (ASEAN) Countries under the Asian Free Trade Agreement (AFTA).
Growing number of western-style fast-food restaurant chains, bakeries and coffee shops, as franchising and has been introduced and the retail food sector now transitions to a more modern structure.	U.S. exporters often not flexible enough or responsive to importers' needs or the local business environment.
Growing rural to urban migration.	Limited infrastructure and distribution for perishable products.
	Limited/restricted supply of bank loans and foreign exchange as well as weaker tie between the U.S. dollar and the Vietnamese dong, resulting in more risk for non L/C payment terms for sales of US foods

#### SECTION II: EXPORTER BUSINESS TIPS

Below are some of the most important points to realize about doing business in Vietnam from a U.S. agricultural exporter point of view. Please also refer to our other reports—especially the FAIRS—Food and Agricultural Import Regulations and Standards reports, and check the websites of the various trade-related agencies of the Government of the Socialist Republic of Vietnam listed at the end of this report. Most of these websites have information available in English.

#### (1) Local Business Customs and Market Entry Strategy

- Most local businesses are small or medium size companies that rely on bank loans to run their business, with loan sizes varying according to collateral.

#### - Local businesses:

- prefer face-to-face meetings in the initial stages, with additional follow-up visits, phone calls, emails and fax. Initial face-to-face meetings without follow-up visits rarely result in sales purchases. Sending offers and quotations without first establishing a relationship (cold calls) is highly unlikely to result in sales.
- sometimes complain that U.S. suppliers do not take enough pains to understand their particular needs and constraints.
- may exhibit strong interest at the outset of business discussions and then start to lose interest when faced with difficulties in implementing the details.
- are more sensitive about price than quality.
- tend not to pay close enough attention to trade policies and import regulations. And, when import regulations change, they often do not have accurate information about the changes which results in misinterpretation of those changes. For more accurate information, always refer to FAS trade reports and/or check with the local FAS office.
- quite often seek exclusive import and distribution rights; deferred payment terms (always risky); and large marketing budgets on new deals and new-to-market products.
- that specialize in food import and distribution may have investments in other types of business (e.g. real estate, car dealership etc.). In certain cases, the food business may receive less attention, particularly in areas such as checking and responding to emails in a timely manner. Given this divided focus, such firms may be less engaged or focus more on the business with the better return and could discontinue areas of their enterprise that is not doing well without notice or explanation.

U.S. exporters should note that Vietnam's legal and regulatory environment is undergoing change. Ongoing efforts to implement WTO mandates are stimulating change in public sector transparency and trade liberalization, even though import procedures remain inconsistent and still quite bureaucratic.

As foreign companies' access to local trading and distribution rights are still limited, local importers continue to play a major role in distributing and promoting imported products in Vietnam. Typically, local importers have their own sales agents and distribution fleet and are in direct contact with supermarkets, wholesalers, and in many cases, also with thousands of grocery stores. Some importers import a wide range of products with no particular loyalty to a specific product, brand or origin. Other importers are working exclusively to develop markets for specific labels. These importers tend to promote their products more heavily and may require more involvement from the exporter in order to penetrate the market.

It is critical for U.S. exporters to study the market potential for their products before initiating sales. They should also visit Vietnam to gain a first-hand feel of the market, preferably around the time of the bi-annual Food & Hotel Show in Ho Chi Minh City (next show in September 2009). U.S. exporters are encouraged to review the FAS exporter guide as well as trade policy reports beforehand. Exporters may also contact FAS offices in Hanoi or Ho Chi Minh City to assist them with conducting market briefing and facilitating initial meetings with potential importers and major retailers.

The first objective of U.S. exporters new to the Vietnam market should be to gather information about potential buyers. (FAS/Vietnam maintains lists of potential importers) A typical business trip should be scheduled to

maximize business contacts in a minimal amount of time. The initial trip to Vietnam will likely include multiple business meetings each day to identify potential buyers, and to the extent possible, these meetings should not seem hurried. During this visit, it is important to reserve time to briefly meet with each company a second time. Additional meetings over coffee and lunch/dinner in the city center are the best approach for making successful business contacts. Though meetings will probably be conducted in English, it is always best to have an interpreter to make sure that everyone completely understands the terms of the agreement. What may sound simple and clear may not be so simple and clear in Vietnamese, or in the Vietnamese business context. Any verbal agreement should be quickly followed up with a written agreement.

U.S. exporters should perform adequate due diligence on potential customers to ascertain they have the requisite permits and capital resources to meet their responsibilities. Success in introducing your product in this market depends on a good local representative and an effective pricing strategy. The local partner should preferably be an importer and distributor, capable of maneuvering in both traditional and modern retail channels.

#### (2) Consumer Preferences

Vietnamese consumers dispense a sizeable portion of their expenditure on food items. About half of total expenditure is for food, mostly staples and basic food items like rice, salt, sugar, meat, vegetable oil and sauces. The average household spends very little on high-value processed food products. Nevertheless, recent consumer surveys point to an increase in spending on high-value foods such as dairy products (UHT and fresh milk, yogurt, cheese etc.) meats, eggs, fresh fruits, imported vegetables, confectionary, snack foods and sophisticated food items.

Vietnamese consumer habit:

- Shop daily for food items. (changing somewhat among the younger urban generation)
- Prefer fresh products. (i.e. not frozen)
- Low ownership rate for refrigerators and microwave ovens. (only 12% of urban households have microwave ovens).

#### Consumer trend in urban areas:

- Still low average income.
- More concerned about nutrition, quality, hygiene and food safety.
- Brand loyalty, but still receptive to new products.
- Western lifestyle is welcomed.
- Dining out more than before.
- Influenced by advertisements and promotions, particularly kids. One market researcher noted that 18% of sales in the modern retail sector are as a result of advertisements and promotions.

#### (3) Food Standards and Regulations

Please refer to FAIRS report VM8057 for detailed information about Vietnam Food Standards and Regulations.

# (\*) Special note on Food Standards Registration

Locally produced and imported foodstuffs mu st obtain a Food Standard Registration Certificate (RC). The Vietnam Food Administration Department (VFA) of the Ministry of Health (MOH) is responsible for issuing these certificates for imported foods. *Details can be found under "Food Standards Registration" in FAIR Report VM8057*.

The registration process is cumbersome. The Ministry of Health imposes excessive documentation requirements with respect to imported food products. Importers are required to apply for registration for each food item imported even if only packaging or size differs. Also, the documentation required to register food products is quite stringent. The process requires a certificate of analysis (CA) so detailed that some U.S. companies are unwilling to provide it because they feel it violates their confidentiality. For mixed containers of processed foods, this can be both costly and burdensome.

#### (4) Trading and Distribution Rights

With only a few exceptions, the Ministry of Industry and Trade currently allow only Vietnamese companies to distribute goods within the country. However, in accordance with its WTO commitments, as of January 1, 2009, foreign-owned firms in Vietnam will be allowed distribution rights. In the meantime, however, U.S. businesses must use a local importer/distributor or agent with which to work. Quite often the importer and distributor are separate companies, with each having their own required fees.

In general, Vietnamese companies, licensed as food and foodstuff businesses that have been issued import/export customs codes are eligible to import and distribute food products within Vietnam. In some cases, the importer is a state-owned enterprise (SOE) which is able to obtain foreign currency financing from state-owned banks to purchase goods; they usually charge a small fee for importing goods on behalf of private-sector Vietnamese distributors. The goods would then move to market through the local distribution company. In many cases, however, the local privately-owned company has the proper import and distribution licenses and the SOE does not need to be involved. This is usually a better choice for U.S. companies trying to find local partners.

As a new member of the World Trade Organization, (WTO) Vietnam is implementing its commitments to the WTO, including providing more rights for foreigners to trade and distribute goods. Accordingly, the restrictions on distribution rights should also be phased out for U.S. companies by January 2009.

#### (5) Representative Offices

Foreign companies can enter Vietnam and establish a Representative Office. This type of office requires a business license issued by the Ministry of Industry and Trade and its city and provincial sub-departments and permits the foreign company to monitor marketing and sales activities of the local or joint-venture distributor. It does not, however, give the foreign company the right to manage the distributor, sell products or collect payments.

Many international companies have established 'rep' offices in HCMC or Hanoi. This allows them to closely monitor and work with their local partners—but does not allow them to directly trade or distribute goods. As time passes the restrictions on rep offices are slowly easing.

#### (6) Credit & Finance / Letters of Credit

On any shipment exceeding a small sample amount, it is important to sell goods cash before delivery or against an irrevocable Letter of Credit (L/C). Other credit terms should not be contemplated until absolutely sure the importers and distributors are reliable. There have been many cases of local companies locked in payment disputes with their foreign suppliers or vice versa as in the case of U.S. importers of Vietnamese goods like coffee and cashew nuts.

In current normal practices between U.S. exporters and reliable Vietnamese food importers, the importers usually make payment on either Money Telex Transferred (TTR) or Document against Payment (DP) basis as the banking fees for opening L/Cs are quite high compared to the relatively small U.S. dollar payment needed for importing small lots of U.S. goods.

It is important for the American exporter to have a distribution relationship with a local company that has the financing to enter into a business relationship—both with the exporter and with local Vietnamese stores. The local distributor will give credit terms to buyers and collect payments due.

# (7) Supermarket Tips & Cold Chain Woes

Supermarkets in Vietnam carry a wide range of goods, including food, clothing, shoes, and furniture. Most supermarkets devote about 40-50 percent of their physical space to food and the rest is divided among all the other goods.

Increasingly, consumers are inclined to buy food from supermarkets because they are cleaner, with better measures for control of food quality than traditional markets. There is also growing acceptance of processed and packaged food products as well as frozen products, including meat and fish. Though local food products continue to be strong sellers because of price, the quality control has not yet reached international standards. Local consumers are beginning to

pay closer attention to food quality, and this new trend will help promote U.S. quality products. Supermarket managers reported that consumer demand for imported food was steadily increasing.

Modern retail stores still only account for 12% of total food sales, but sales through such outlets have grown considerably over the last six years, with an annual average growth rate of 18 to 20 percent. One should not, however, totally overlook the open-air or enclosed traditional markets, often referred to as wet markets. Many caselots of imported goods (canned goods, nuts, wine, and shelf-stable products) are sold through these markets, particularly in the greater proportion of the country where modern supermarkets have not yet reached. According to major U.S. food importers, sales volumes to supermarkets are increasing but are still under 50 percent of their total sales. To reach all Vietnamese consumers, exporters need to have a local partner capable of supplying both the modern (supermarket) and traditional (wet-market) channels.

The cold chain—the system for preserving fresh, chilled and frozen commodities from producer to final consumer—is not good in Vietnam, though it is improving. Most of the larger modern shops have freezers and refrigerators, but smaller shops do not. While Vietnam has developed a fairly good export cold chain for frozen seafood, the import and domestic cold chains are weaker and more prone to power interruptions. Fresh produce suppliers have also found that many Vietnamese importers do not adequately supervise the temperature and humidity in their chillers, thereby shortening the shelf life of perishable commodities.

Refrigerator or microwave ownership in Vietnamese homes is still, though the numbers are growing among middle-class consumers in such urban areas as Hanoi, HCMC, Haiphong, Danang and Cantho.

# (8) General Inspection Procedure for Imported Products (Entry point Testing)

Pleas refer to the "Entry Point Testing" section of FAIRS report VM8057 for detailed information.

In brief, according to the latest regulations issued by the Vietnam Food Administration under the Ministry of Health, twelve foodstuff groups (other than unprocessed food originated from animal, plants and fish) are subject to compulsory examination for food quality and safety:

Food quality and safety control examinations for goods using Harmonized System codes (HS) are based on Vietnamese Standards (TCVN) and Technical Standards. In cases where there is no Vietnamese reference, CODEX standards are applied.

Entry point inspection entities are technically referred to as State Testing Agencies or State Controlled Agencies; (STA or SCA) they carry out inspection and clearance related to quality control on behalf of Government Ministries.

Necessary documents to submit to STA include:

- Registration Certificate
- Trade contract or L/C
- Bill of lading
- Invoice
- Packing list
- Certificate of Origin
- Results of Tests, Certificate of Analysis (if any)

#### For unprocessed foods originating from animal, plant and marine

Imports of unprocessed foods originating from animal, plants and marine sources must be inspected for sanitary and phytosanitary standards by competent quarantine agencies under the Ministry of Agriculture and Rural Development (MARD).

At the wholesale/retail distribution level, several city and provincial government agencies are involved in monitoring the quality and safety of food products, including offices of the Department of Health, Department of Industry and Trade and the Police Force.

The General Department of Customs also inspects goods to determine and collect import duties and assess violations of compliance with required Customs formalities on behalf of all concerned agencies (Ministry of Finance, Ministry of Industry and Trade, Ministry of Health, Ministry of Agriculture, etc.).

# (9) Location of Inspection

Customs inspections (separate from the work of the STAs) may take place at the seaport, river port, airport or even an importer's warehouse—if certified by Customs. If the importing company would like to have cargo inspected in a certified warehouse, the company must submit a request to the Customs authorities for approval.

#### (10) Import Duties & Fees

The total cost of import duties and inspection fees levied is calculated by the General Customs Department and the STA.

Vietnam is now working to implement GATT Article 7 and thus generally uses transaction value for import duty calculations with only a few exceptions.

On March 16, 2007 Vietnam issued Decree No.40/2007/ND-CP on "regulation on calculation of customs value for imported/exported goods." As stated in Article 7 of the Decree, the customs value for calculation of import tax will be based on actual value that importers are required to pay directly or indirectly to the exporter that include:

- Value of goods listed on the commercial invoice
- Other payments that the importer already paid in advance that may not be stated on commercial invoice (e.g. payment for insurance, deposits for purchasing goods, payment for third party as requested by the seller.)

Inspection fees are calculated based on the total retail value of the cargo inspected. The fee for food quality inspection is 0.1% of the retail value of the goods, but the total amount cannot be less than Vietnamese Dong (VND) 300,000 which is approximately \$20.00.

Customs has developed a specific procedure that it believes combats fraud. Each year it issues reference prices for imports, based on a database of usual and historical import prices that it maintains. If enterprises declare prices lower than the reference price, Customs consults with the firm. After consultation, if an indication of trade fraud is found, the case file is forwarded for further investigation as per regulations. Within 15 days from the date of applying for customs clearance of the case, the Customs office must inform the importer of the determined customs value for import duty. There is an appeal process in place.

These procedures have drawn complaints from importers of U.S. agricultural products, particularly for meat cuts and high-value food products. Importers complain that the reference prices are often based on general category of previous imports (i.e. < 4-digit HS code) without reference to product specification or differentiation and are significantly inaccurate. Customs officials are reluctant to stray from the reference-price valuations even when invoices have been clearly proven valid. A fter numerous complaints from trading partners, the process appears to be improving, particularly for long-established importers.

# (11) Document Package

When importing, all necessary documents must be compiled into one dossier and presented with a Vietnamese-language translation of the sales and purchase contracts.

The necessary documents include:

- 1) Customs declaration application / Registration for inspection form
- 2) Copy of the trade contract or letter of credit (L/C)
- 3) Bill of Lading
- 4) Invoice
- 5) Packing List (see note below)
- 6) Certificate of Origin (See note below).
- 7) Documents certifying the safety and quality of the foods

<u>Note</u>: Additional documents may be required, based on the nature of the shipment. If there is any doubt, please check with MOH before finalizing the sales terms.

#### (12) Labeling

On August 30, 2006, Prime Minister Nguyen Tan Dung signed Decree No. 89/2006/ND-CP on goods labeling. This replaces Prime Minister Decision No. 178/1999/QDTTg of August 30, 1999 that promulgated the Regulation on labeling of domestically circulated and exported and imported goods, and Decision No. 95/2000/QD-TTg of August 15, 2000 that provided adjustments and supplements to it. The new decree would normally have been effective in March 2007, six months after publication in the Official Gazette, but due to delay in issuing the implementing guidelines, it is effective as of September 2007. (See VM7037 for details)

The new ordinance applies to all types of circulated goods including imports and exports. Labeling is exempted for un-packed foods including those sold directly to consumers or for goods not sold to consumers.

The Ministry of Science and Technology (MOST) has been assigned the lead in creating the relevant regulations to implement the ordinance. MOST is also responsible for monitoring implementation of the ordinance and handling violations. The Vietnamese Directorate for Standards and Quality (STAMEQ) has been appointed as the key assisting agency to MOST in management of goods labeling, and on April 6, 2007, the Ministry of Science and Technology issued guidelines for its implementation (see VM 7038)

The Vietnam Food Administration (VFA) under the Ministry of Health is working on guidelines for implementation of a new labeling law for food products. A draft of these regulations is reported in VM8020. Post will provide updates of the regulations as they become available.

#### Special note on the Vietnamese labeling requirement on Production date and Best by If Used Date:

Post has received several complaints from importers of consolidated packaged foods about the burdensome requirements for importing U.S. packaged foods with production date and best if used by date in code. The STA normally does not accept the code and may require decoding explanations on the production and best by dates of products. The explanation should be provided by either an independent government agency or the food manufacturer, not the shippers.

The production and best-by dates are also required for imported, chilled and frozen beef, pork and poultry. As most U.S. meat exports to Vietnam have only production dates on the meat packages and no best-if-used-by dates, this creates more difficulty for entry point inspections. It would be best to attach a meat packer's letter to the shipping documents stating that the best-by date of the meat is 12 months from the production date, under conditions of proper handling and storage.

# (13) Phytosanitary and Sanitary Inspection & Required Export Certificates

Please refer to FAIRS Export Certificate Report <u>VM7070</u> and VM8071 for information on export certificates and documents that Vietnam requires for imports of foodstuff, animal, plant and fishery products.

Vietnam is relatively reasonable on sanitary and phytosanitary issues, especially compared to most of its Asian neighbors. Officials from the Ministry of Agricultural and Rural Development (MARD) have been responsive to appeals to follow OIE guidelines. Still, Vietnam's animal health officials are cognizant of their power and the tendency of other countries to go beyond international guidelines like OIE.

Phytosanitary and sanitary health inspections for imports of live animals and animal products (incl. dairy products), plants and plant products, and edible fishery products are done before customs clearance. The Ministry of Agriculture and Rural Development's Plant Protection Department, (PPD) Department of Animal Health, (DAH) and Agricultural and Fishery Quality Assurance Department handle all phytosanitary and sanitary inspections.

#### Special Note: Regarding animal health inspection service, DAH requires:

Application dossiers for import of animal products for human consumption (meat, eggs, milk and products containing these ingredients) must include:

- a) A letter requesting quarantine inspection of imports of animal products
- b) Trading/Business License
- c) HACCP certificate from food producing agencies (for milk products from the United States, the USDA/AMS certificate can replace the HACCP certificate)
- d) Certificate of free sale (a copy with the company's stamp)
- e) Other permission granted by authorized agencies in accordance with the regulations.

Effective August 4, 2006, MARD/DAH eliminated HACCP and Certificate of Free Sale from their requirement for dossier for inspection permits to import of beef, pork and poultry meat from the United States.

#### (14) Special Warning regarding Certificates of Origin and Packing Lists

According to Circular No.09/2000/TTLT-BTA-TCHQ dated April 17, 2000, Certificates of Origin (C/O) must be issued by competent agencies as prescribed by the exporting country. These agencies usually include organizations such as the Ministry of Trade, Ministry of Industry, Ministry of Finance, and other organizations designated by the government of the exporting country, such as Chambers of Commerce, Chambers of Commerce and Industry, etc. If the C/O is issued by the manufacturer, it must be certified by the concerned competent agency or organization of the issuing country.

C/Os submitted to Vietnam's customs office must be original (not copies) and contain the following information:

- 1- The issuance number of the C/O.
- 2- Name and Address of the exporter, the exporting country.
- 3- Name and Address of importer, the importing country.
- 4- Information on transportation of the goods.
- 5- The trademark and label; quantity and type of packs; description of goods.
- 6- Weight
- 7- The origin of the goods
- 8- The enterprise requesting the C/O issuance (Enterprise's name and date of request for issuance).
- 9- The C/O issuing organization (Name, date of issuance and its stamp)

## (15) Certificate of Origin Stamp

Although Customs seems to be becoming more reasonable on this point, FAS/Vietnam has assisted many cases in the past where Customs officials refused to accept U.S. certificates of origin without 'raised' seals or official circular stamps. If the C/O has an oblong or rectangular stamp, Customs may reject the document. Only circular stamps are considered official in Vietnam. Additionally, many U.S. bodies issuing certificates of origin do not clearly stamp the paperwork. If Customs cannot read the stamp – it does no good. Likewise, if the stamp is one that produces a 'raised' seal, please make sure it is clear. FAS/Vietnam has developed a good working relationship with Customs officials, so do notify us if you encounter any problems with certificates of origin.

Vietnam assumes the C/O will be issued by a 'relevant' body observing all applicable regulations of the country granting the C/O. By 'relevant' body, Vietnam means a Ministry of Trade, Industry or Finance, a Customs Office or other organization authorized by the State, such as a Chamber of Commerce or Chamber of Trade. In cases where the C/O is issued by the manufacturer (or on the letterhead of the manufacturer), it should be certified (and stamped) by the relevant organization or body in the country of origin.

#### (16) Import Quota

Currently, Vietnam sets import quotas on poultry eggs, salts, tobacco and sugar. Below are import quotas set for 2008.

Vietnam's 2008 Import Quota

No.	HS Code	Description	Unit	Quantity
1	0407.00.91	Chicken eggs		
	0407.00.92	Duck eggs	dozen	32,000
	0407.00.99	Other		
2	2401	Tobacco raw material	metric ton	42,500
3	2501	Salt	metric ton	430,000
4	1701	Raw/refined sugar	metric ton	58,000

Source: Ministry of Industry and Trade (MOIT) Decision No.014/2007/BCT dated Dec. 28, 2007 and Decision No.23/2008/QD-BTC dated July 31, 2008

Refined sugar imports are still under control by import licenses issued by the Ministry of Industry and Trade in coordination with the Ministry of Agriculture and Rural Development.

# (17) Imports of GM foods and GM products

Vietnam currently has draft regulations relevant to the management of imports of genetically modified products and foods derived from genetically modified materials. Some regulations have already been reported to WTO and received comments from member countries. However, to-date, none of these regulations has been approved. For updates on Vietnams' regulations on biotechnology, please refer to, VM7059, VM7060 VM8048, and VM8051

#### (18) Enforcement Concerns

Traders have noted that enforcement of import regulations is not completely consistent. Moreover, the laws and rates of duties change often and are almost impossible to predict. People working in the trade in Vietnam are often the best source for finding the most up-to-date information about exporting food to Vietnam. Vietnamese government agencies can provide information, but response time may be slow and miscommunication between ministry and regional offices is possible. Contacting the USDA/FAS Agricultural Affairs Office in HCMC or Hanoi is a good starting point.

#### SECTION III: MARKET SECTOR STRUCTURE AND TRENDS

With a large, young consumer base, an improving per capita income and strong economic growth, Vietnam's best consumer years are still ahead and prospects for faster expansion of the retail, food service and food processing sectors in the next five years are very promising.

The best way to enter the Vietnamese market is to develop a relationship with one of the established food trading companies working with wet/open-air markets, supermarkets, hotels and restaurants. Currently, there is only a handful of well-organized food trading and/or distribution companies in Vietnam; so the selection process need not take too long. There is typically some sort of foreign involvement in each of the better-known companies. As these companies tend to be somewhat transient, it is advisable to visit Vietnam and research the company's customer lists and achievements.

Most chefs and hotel food and beverage managers in the top hotels in Vietnam are from Australia or Europe, so the HRI sector has a strong preference for products from these parts. Australian products also enjoy both a freight and delivery time advantage. U.S. products tend to be newer to the market, which may or may not be an advantage depending on consumer knowledge of how to use the product. In-store promotions are popular and a recommended part of an advertising campaign. Point of purchase (POP) displays and other advertising materials are important to attract local consumers that may have a limited knowledge of foreign food products.

While HCMC and Hanoi have a growing number of modern outlets, much of the country still relies heavily on traditional marketing channels. Small "mom and pop" shops and wet markets continue to play a major role in food distribution.

#### **Retail Sector**

Strong economic growth and improved per capita income have contributed to the robust expansion of Vietnam's retail trade. Nationwide retail sales of goods and services have enjoyed a high growth rate of over 10% per year for the last five years. Food retailing in Vietnam has been growing at an average rate of more than 10 percent per annum. The retail food sector's total sales for 2007 is estimated at \$11 billion, but only about 12% of this amount is attributable to modern trade.

Although the traditional retail outlet still dominates the retail food sector, Vietnam's retail industry is steadily transitioning away from the traditional trade outlet to the more modern mini-mart, supermarket, hypermarket and wholesale center. Modern trade has grown tremendously in the last seven years, from only a few supermarkets in 1999/2000 to over 120 supermarkets, 5 hypermarkets and 8 wholesale centers in 2007, and the indicators for further development are strong. Some major foreign retail chains have already obtained permits to set up supermarkets in Vietnam and others have closely studied the market for future investment.

Rapid growth of modern trade in Vietnam's retailing sector continues to be fueled by strong economic growth, rising income levels (especially disposable income), a growing middle class, an increasing young population and increasing exposure to a western lifestyle. Over the last seven years, modern trade in Vietnam grew at an average rate of 18% per annum and it is expected to continue at this level or higher for the next five years.

Operators in the modern retail food sector are likely to contend with the following:

- Shelf life labeling regulations that can be both costly and challenging for food importers /distributors and inventory controllers.
- Supermarkets rely heavily on merchandising services offered by importers/distributors.
- Many supermarkets also earn significant revenues from suppliers in the form of listing fees, shelf space rentals and various fees and discounts.
- It is not unusual for major supermarket chains to receive up to 45 days credit terms from their suppliers.
- Promotional and advertising activities always create much better sales.

Further growth and sophistication in the retail sector will create additional opportunities for U.S food exporters. Local importers still continue to play a major role in the introduction, distribution, and promotion of imported food products in Vietnam. U.S. food products with the best prospects are chicken, beef, pork, dairy products, fresh fruits (apples, grapes, pears); dried fruits (raisins), grocery snack foods (especially potato chips), frozen potatoes; packaged foods (i.e. canned food), condiments (mayonnaise, sauces).

#### **Food Processing Sector**

Vietnam's food processing industry has expanded rapidly over the last few years, together with the growth of the retail sector. Post believes the overall food processing industry has enjoyed an average growth rate of over 10% per annum. With more transparent regulations and less burdensome paperwork, the Government of Vietnam has successfully attracted not only foreign investors but also local investors into Vietnam's food processing industry. Vietnam has also tried to protect local food manufacturers by imposing high import tariffs (from 20 to 50 percent) on selected imports that compete with locally produced products (confectionery, snack foods, juices, ice cream etc.).

Dairy products (UHT milk, milk powder, ice cream, yoghurt etc.), canned foods (meat, seafood, fruits and vegetable), bakery products, snack foods, (potato chips, dried fruits, wheat-based snacks) juices, confectionery (biscuits, cookies, candy, chocolate etc.) and hot sauces are all produced locally with acceptable quality. Consumer-oriented food products "produced" in Vietnam still rely on imported food ingredients and additives. Most large local manufacturers have good manufacturing practice certificates or the equivalent (ISO 9002, HACCP).

U.S. food ingredients with the best prospects include dairy products, seafood (for further processing and reexports), turkey MDM (for sausages), lysine (for meat processing), potato powder (for chips), dried fruits and nuts (for bakeries), sweetenings and flavorings.

#### **Food Service Sector**

Average per capita income in Vietnam in 2007 was estimated at \$800 per year, which is significantly lower than other countries in the region, such as Thailand and the Philippines. For this reason, foodservice in Vietnam tends to be on a much smaller scale. Moreover, as only 25% of the population lives in urban areas where foodservice is more accessible, the demand for foodservice is also more limited. Foodservice outlets are chiefly in the form of small restaurants, cafés and beer garden type restaurants, which serve mostly local products. Foodservice outlet chain is still in its infancy here and number very few. Management of foodservice chains is weak, thus hampering development and expansion. Notwithstanding this, the sector is expanding as it responds to economic forces and shifts in demand spurred on by rural to urban migration as well as increasing tourism, which is growing at about 10 percent per year.

Family-owned restaurants continue to dominate the sector. These independent outlets are mostly located on crowded city streets and serve mainly Vietnamese food. A recent market survey revealed that most Vietnamese still prefer Vietnamese food when dining-out as they consider it healthier, more balanced and made from fresher ingredients. Vietnamese cuisine remains dominant in this market.

Such other cuisines as Japanese, French, Italian and Korean are more expensive and less suitable for most Vietnamese due to low income. Nevertheless, in urban areas (chiefly HCMC and Hanoi), these cuisines have become popular among Vietnam's middle and upper classes. While in the past, these restaurants mainly catered to expatriates and tourists, more and more locals now frequent these restaurants, even at five-star hotels.

International fast food chains such as KFC (USA), Lotteria (Japan) and Pizza Hut are also in this market, mainly in HCMC and Hanoi, where they've seen strong growth. From only a few outlets in 1999, today KFC has 40 outlets while Lotteria has 35. Local chains such as Pho 24 and Monaco continue to expand. Pho 24 has exp anded to 40 outlets nationwide. International fast food chains and selected local outlets such as Monaco use a significant amount of U.S. food products, particularly condiments, (tomato sauce, mayonnaise, mustard sauce) chicken, beef and potato.

There has also been a booming increase in cafeteria style outlets in HCMC and Hanoi over the last five years. With some capital injection, small, independent, family-owned coffee shops may be converted to larger, more modern cafeterias with big kitchens suitable to serve not only drinks and sweet bakery products but also some Vietnamese foods as well as Western-style fast foods (hamburgers, pizza, spaghetti). Vietnamese usually get together at cafeterias for breakfast in the morning and/or for chatting after work. This entertainment model has proved very conducive to Vietnamese urban culture. The boom in this sub-sector brings more demand for bakery products, dairy products (incl. ice cream) and more sophisticated drinks like cocktail blends, milk shakes, fresh fruits (grapes) and fruit juices.

Vietnam is a new destination for tourists and foreign investments. Four and five-star hotels have enjoyed a high occupancy rate. The industry reports that Vietnam needs to build at least twenty more five-star hotels to meet the rising demand from international tourists and business visitors. There has been a significant increase resorts along Vietnam's beautiful coastal areas over the last 5 years. Many resorts have been built in Ba Ria, Vung Tau, Mui Ne, Nha Trang and Da Nang, and Vietnam reportedly now has over 60 resorts nationwide. This expansion of resorts has also helped spur demand for imported high-quality foods and drinks.

With a sizeable expatriate community (esp. in Hanoi and HCMC) and growing international visitor traffic (an expected 4.6 million visitors, creating \$3.5 billion in value for 2008), Vietnam's demand for institutional-sized food products and chicken meat from the catering industry has increased exponentially in recent years. Given a 10% average growth rate in tourism, the demand for food products, especially high quality foods like U.S. beef and California wine should continue to grow.

#### SECTION IV: BEST HIGH-VALUE PRODUCT PROSPECTS

Vietnamese consumer confidence in Western products is high. The perception of American-made goods is automatically one of premium quality. Vietnam's trade infrastructure and general level of economic development are expanding quickly but still much undeveloped even compared to most of its Southeast Asian neighbors. So, too, is

the level of brand awareness. U.S. products will therefore face varied opportunities and challenges. Establishing an early base during Vietnam's developing stage is essential for future success.

Some consumer-ready food products with high export potential are:

#### **Chilled and Frozen Meat**

Meat consumption is rising in Vietnam. Pork has long been the country's primary meat product, accounting for about 75 percent of total meat consumption. In 2007, however, significantly higher feed costs (imported grain) and loss of stock to blue ear disease and an unseasonably cold winter helped create more opportunity for U.S. pork exports. Imported beef has even greater promise in Vietnam due to both costly animal feed and climate constraints on local cattle production. In recent years, beef imports from Australia, New Zealand, Argentina and the United States have seen steady growth. Typically, much of the imported beef has been for high-end outlets and luxury hotels and restaurants aimed at expatriates and wealthy Vietnamese. However, the market is undergoing a shift, with more supermarkets in major urban areas stocking imported beef. Additionally, Vietnam is now becoming a trans-shipment point for meat bound for China through the long, porous border both countries share. In fact, U.S. beef exports to Vietnam saw a record 537% increase in 2007 and exports for the first half of 2008 are already double that of 2007.

Pork and poultry meat imports also had spectacular growth in 2007. Vietnam favors dark-meat chicken (leg quarters, drumsticks and wings) and there is also a market for spent hens here. A kill-off of birds as a result of Avian Influenza combined with strong growth in domestic demand, high inflation and high feed costs have led to high prices for chicken meat. These factors have lead to even more opportunity for U.S. broiler meat exports to Vietnam and helped provide a thriving market for our chicken dark meat. U.S. poultry meat exports to Vietnam increased over 407% in 2007 and exports for the first half of 2008 are already double that of 2007. A similar situation exists for our pork exports to Vietnam which saw phenomenal growth in 2007, increasing a hundred-fold by value, and indicators point to continued strong growth for 2008 and beyond.

Edible offal exports to Vietnam also hold considerable promise. U.S. beef offal exports are still small, but growing, and with recent tariff cuts (now 10%) the pace of growth should increase. Swine offal, like muscle meat, saw sharp increase in imports in 2007 and imports for the first seven months of 2008 have skyrocketed 594 percent over the total for 2007.

The prevailing tariff rate for beef and poultry meat is 12% and for pork it is 20%. Vietnam reduced tariffs three times since accession to WTO in January 2007, and in some cases, went even beyond the promised bound rates in an effort to control inflation which has been running at about 28 percent. Some reductions were classified as temporary and lately there has been talk of increasing these tariff rates, which includes tariff on meat and poultry, as there have been concerns that imported meats are undermining the local livestock industry.

#### **Dairy products**

From a very low base, Vietnam's consumption of various kinds of dairy products has grown rapidly. The current rate of growth is at least 18% per year. This growth is creating a very good opportunity for US dairy products in this market now and in coming years. The most important U.S. dairy export to Vietnam on the food side is non-fat dry milk (NFDM) which is used in the processing industry.

Recent reductions in import tariffs on several dairy products (from 20% to 10%) should favor increased U.S. dairy exports to Vietnam. The tariff on NFDM is now down to 5 percent and 15 percent. (see <u>VM8058</u>).

# Fresh Fruit

Fruits are an important part of the Vietnamese diet, and consumption of fresh fruits is high. Products such as Washington apples, U.S. pears, and table grapes have become increasingly popular in recent years. However, inadequate handling and distribution facilities (poor cold chain infrastructure) hinder greater sales of these products, which are sold at a premium to domestic varieties. Fierce competition from Australia, New Zealand, China, South Africa, and Chile has developed over the past five years.

Ho Chi Minh City is the primary market for U.S. fresh fruits. Sales in Hanoi are rising as well, but the city's small number of high-end markets, less frequent shipping links to major ports, and proximity to China—a major source of cheap fruit—all constrict higher sales in Hanoi.

Upon accession to WTO, Vietnam reduced tariff on apples to 20% and tariff on grapes and pears to 22%; tariffs on all these fruits are slated to decline to 10 percent within the next four years. U.S. exporters should definitely target this market for continued increases in sales.

Large quantities of pineapples, citrus fruit (oranges and limes) and table grapes (just developed recently) are grown locally and sold at very low prices during the harvest season. Some importers have reported some success selling California oranges against cheaper oranges and Clementine from China. U.S. exporters will need to convince consumers that their products are of a quality superior enough to justify a premium price. Florida juices might find a market in international hotels and up-market restaurants.

#### Snack Foods

American-made snack foods are extraordinarily popular with consumers who can afford them. Many shop owners, from street stalls to new mini-shops, report high turnover of snack products such as potato chips, nuts, biscuits and cookies. Several Japanese companies have established factories and joint venture partnerships with Vietnamese confectioners. Pringle's and Lay's potato chips are very well received, particularly in Ho Chi Minh City and Hanoi. Foreign-invested snack manufacturers as well as local manufacturers have begun production in Vietnam.

Snack foods have traditionally been subject to stiff import rates, especially as investment in domestic manufacturing increases. However, Vietnamese are consummate snackers and exporters should find a way to service this market with high-quality products.

#### **Canned Fruits & Vegetables**

Canned fruits and vegetables enjoy strong demand in both Hanoi and Ho Chi Minh City. This is in part due to the lack of cold storage facilities, but also because of the slow and fragmented distribution system. One vendor claimed that he would like to sell harder-to-find goods like canned asparagus, peach, fruit cocktails and olives.

#### **Canned Meat Products**

As with canned fruit and vegetables, canned meat products are another area that is doing well, but in a crowded market because of the wide assortment of both imported and local products. Canned pork products still can find a market here despite a currently very high tariff of 36 percent.

# **Tree Nuts**

Vietnam boasts a large local supply of nuts, such as cashews and peanuts, which are increasingly finding lucrative markets abroad. This raises domestic prices and creates opportunities for imports of alternatives like U.S. pistachios and almonds. Recent efforts to introduce California produced pistachios and almonds have been successful. Marketing programs to introduce premium nuts and nuts not grown in Vietnam could yield good results. Moreover, given the fast growing bakery industry in recent years, nuts used in baking are also increasing.

# **Dried fruits**

California raisins are becoming popular in Vietnam. These products are mainly sold as snack foods and as ingredients in the bakery industry. Tariff on raisins is now reduced to 22 percent and should be bound at 13 percent within four years. Exports of dried fruits and raisins, in particular, increased 63 percent in 2007 and should continue to grow; a marketing strategy to promote raisins and other dried fruits (possibly cranberries) could reap great results here.

#### Wine & Juices

Beverages and alcoholic beverage sales are one of the fastest-growing sectors in Vietnam's food market. Beer leads this growth, due largely to the availability of cheap, locally made beers. Consumption of processed juices is also increasing as consumers nowadays are paying more attention to a healthy diet. Whiskey is also extremely popular. Wine, seen primarily as a luxury good, is also realizing increased sales, although at a slower rate. Several mid-range Californian brands have entered the market and are doing well. Heavy import tariffs impede greater distribution of these products. However, as wealth and living standards increase, it is anticipated that Vietnamese consumers will increase supermarket purchases of wine to entertain guests in the home and for home consumption. French wine is still considered the most desirable wine (despite the awful product sold under some dubious 'French' labels). Keen competition is supplied by wine from Europe, Australia, Chile, South Africa and Argentina.

Due to the unavailability of Vietnam import data for specific products, Post is unable to provide statistics for the best consumer-oriented products. U.S. exports of some consumer products are provide below for a point of reference:

U.S. export share of the Vietnam market for 2007 (selected agricultural products) in millions dollars

Commodities	Import	2007	2007	Jan-July	Jan-July	%	U.S.	Competitor
	Duty	Vietnam	Total US	2008	2007	Growth	Market	Country
		total	exports	U.S.	U.S.		share	
		imports	\$	Exports	Exports		(%)	
7		\$	1.000		100			
Fruit Juice (HS 2009)	32 -35%	6,154	1,032	1,177	433	172	16.77	Australia
Raisin (HS 080620)	22%	1,600	1,773	245	216	13	110.81	China
Vegetable Preparation (mainly	31%	1,000	733	566	392	44	73.30	Belgium
potatoes -HS 2004)								
Wine (HS 2204)	62%	7,500	724	486	243	100	9.65	France
Beef Meat (HS 020220-30)	12%	13,200	27,030	56,399	5,956	847	204.77	Australia
Table Grapes (HS 080620)	22%	13,800	5,140	2,310	2,040	13	37.25	China
Poultry meat (HS 020714)	12%	40,000	26,725	57,041	7826	629	66.81	Brazil
Apple (HS 080810)	20%	17,000	5,406	2,406	1,846	30	31.80	China
Seafood (HS 0302-0307)	25-26%	200,000	9,619	6,167	4,053	52	4.80	Norway
Dairy products (HS 0401; 0402 & 0404)	3%-7%	290,000	41,441	46,713	24,523	90	14.29	New Zealand
Condiments	35%	n/a	1,974	1,644	1,255	31	n/a	n/a
Snack Foods	35%	n/a	2,566	1,691	1,137	49	n/a	n/a
TOTAL CONSUMER-ORIENTED		660,000	210,457	247,696	72,663	241	31.8	
FOOD IMPORTS	Ź							
TOTAL CONSUMER ORIENTED & EDIBLE FISHERY IMPORTS		860,000	214,290	249,640	73,862	238	24.8	

Source: U.S. Department of Commerce & Trade Sources

#### SECTION V: KEY CONTACTS AND FURTHER INFORMATION

#### U.S. Department of Agriculture / Foreign Agricultural Service (USDA/FAS)

The first point of contact for updated reports and trade data information is the USDA/FAS Web Page: http://www.fas.usda.gov

The FAS web site provides information about the staff, resources, and programs coordinated by FAS to promote international agricultural trade.

#### **State Regional Trade Groups**

The State Regional Trade Groups (SRTG) are four regionally focused, non-profit trade development organizations that help U.S. food producers and processors sell their products overseas. USDA's Foreign Agricultural Service, (FAS) State Departments of Agriculture and the industries fund the SRTGs. These organizations carry out promotional activities that help to increase exports of U.S. high-value food and agricultural products. Activities of these organizations are directed by state departments of agriculture and state agricultural promotion agencies and are coordinated with FAS offices in Washington and overseas. Activities include: international trade exhibitions, overseas trade missions, reverse trade missions, export education, in-country research, and point-of-sale promotions in foreign food chains and restaurants in markets around the world. The SRTGs also administer a cost-share funding program called the "Branded" program, which supports promotion of brand name foods and agricultural products in overseas markets.

The SRTGs are: the Western U.S. Agricultural Trade Association, (WUSATA) in Vancouver, Washington; the Food Export Association of the Midwest in Chicago, Illinois; the Southern U.S. Trade Association (SUSTA) in New Orleans, Louisiana; and Food Export USA-Northeast in Philadelphia, Pennsylvania. Refer to FAS' website for more details.

# **FAS Cooperators and Participants**

American food and agriculture industry benefits from a large number of associations and organizations that support export market development. These groups, referred to by FAS as 'cooperators' receive support form FAS to conduct activities overseas such as trade missions, pavilions at trade shows and informational seminars.

A database of these organizations, including contact information, is available at <a href="http://www.fas.usda.gov/scripts/mos/HomeOffDir.asp">http://www.fas.usda.gov/scripts/mos/HomeOffDir.asp</a>.

Partners and Cooperators which offer on-line databases and directories of suppliers are listed at <a href="http://www.fas.usda.gov/agx/Buying/Partners.htm">http://www.fas.usda.gov/agx/Buying/Partners.htm</a>

#### **USDA/FAS Offices in Vietnam**

#### **HANOI**

Agricultural Affairs Office (Ag Hanoi) U.S. Embassy – Annex Building Rose Garden Building, 3<sup>rd</sup> Floor 170 Ngoc Khanh, Ba Dinh District

Hanoi, Vietnam

Telephone: 84-4-831- 4580 or 84-4-850-5000 (ext. 6106)

Fax: 84-4-831- 4573 Email: <u>AgHanoi.group@usda.gov</u>

Mr. John Wade - Agricultural Counselor Ms. Valerie Ralph – Agricultural Attaché Ms. Bui Thi Huong - Agricultural Specialist Ms. Nguyen Thi Huong – Agricultural Assistant Ms. Phan Thi Thu Huong - Administrative Assistant

#### HO CHI MINH CITY (HCMC)

Agricultural Trade Office (ATO - HCMC)
U.S. Consulate General – Annex Building
Saigon Center Building, 9<sup>th</sup> Floor
65 Le Loi Street, District 1
Ho Chi Minh City, Vietnam
Tel: 84-8-825-0502
Fax: 84-8-825-0503

Email: AtoHoChiMinh.group@usda.gov

Mr. Riedel Michael - Agricultural Attaché

Mr. Truong Minh Dao - Agricultural Marketing Specialist

Mr. Tran Quoc Quan - Agricultural Specialist

Ms. Nguyen Mai Van - Administrative Assistant & Trade Show Coordinator

#### **Key Government Contacts**

Ministry of Agriculture and Rural Development (MARD) 2 Ngoc Ha Street, Hanoi, Vietnam

Tel: 844-845-9670; Fax: 844-845-4319

Email: <a href="mailto:leminhmard@fpt.vn">leminhmard@fpt.vn</a>

Contact: Mr. Le Van Minh, Director, International Cooperation Dept

Department of Agriculture and Rural Development 176 Hai Ba Trung, District 1 Ho Chi Minh City,

Vietnam

Tel: (848)829-7611/(848) 829-7623

Cell: 84-91392-3829 Fax: (848)829-4764

Contact: Mr. Nguyen Phuoc Thao, Director

Ministry of Agricultural and Rural Development (MARD) /

Plant Protection Department - HCMC Office

28 Mac Dinh Chi, Dist.1, HCMC

Tel: 848-829-4568; Fax: 848-829-3266

Email: kdtv2@hcmc.netnam.vn

Contact: Mr. Nguyen The Phu, Deputy Director

Ministry of Agricultural and Rural Development (MARD) / HCMC Plant Protection Department, Phytosanitary Sub-Dept Zone II.

28 Mac Dinh Chi, Dist.1, HCMC

Tel: 848-8238948 Fax: 848-829-3266 Email1: nguyenvan nga53@yahoo.com

Email2: kdtvv2hcmc@vnn.vn

Contact: Mr. Nguyen Van Nga, Director

Ministry of Agricultural and Rural Development (MARD)

Department of Animal Health Phuong Mai-Dong Da

Hanoi-Vietnam

Tel: 844-8685460 Fax: 844-8691311

Email: quanganh.dah@fpt.vn Contact: Dr Bui Quang Anh, Director

Regional Animal Health Office No.6 521/1 Hoang Van Thu, Tan Binh District

Ho Chi Minh City, Vietnam

Tel: (84-8) 8444024 Fax: (84-8) 8444029

Email: rahcheme@hcm.vnn.vn

Contact: Mr. Dong Manh Hoa, Director, Cell: 0918032912

Ministry of Health

Vietnam Food Administration 138A Giang Vo Street- Hanoi-Vietnam Tel: 844- 8465 300 Fax: 844-8463 739

E-mail: cucqltp@hn.vnn.vn

Contact: Dr Tran Dang, director

Health Department/HCMC 59 Nguyen Thi Minh Khai St District 1, Ho Chi Minh City, Vietnam

Tel: 84-8-930-9349 Fax: 84-8-930-9088

Contact: Dr. Le Truong Giang, Deputy Director

Institute of Hygiene and Public Health 159 Hung Phu, Dist.8, Ho Chi Minh City,

Vietnam

Tel: (84-8) 855-9719 Fax: (84-8)856-3164

Email: vienvsytcc@hcm.vnn.vn

Contact: Dr. Nguyen Xuan Mai, Deputy Director, Cell: 84.903 758 104

Vietnam Directorate For Standards and Quality (STAMEQ)

08 Hoang Quoc Viet, Cau Giay

Hanoi, Vietnam

Tel: (84-4) 7911606 Fax: (84-4) 7911595

E-Mail: <a href="mailto:vptdc@tcvn.gov.vn">vptdc@tcvn.gov.vn</a>
Website: <a href="mailto:http://www.tcvn.gov.vn">http://www.tcvn.gov.vn</a>

QUATEST 1 (Quality Assurance and Testing Center 1)

No.8 Hoang Quoc Viet Street - Hanoi

Tel: 844-836-1399 Fax: 844-836-1199

E-mail: Quatest1@fpt.vn; Quatest1@vnn.vn

QUATEST 3 (Quality Assurance and Testing Center 3)

49 Pasteur, District 1 Ho Chi Minh City, Vietnam

E-mail: <a href="mailto:qt-xuctien@quatest3.com.vn">qt-xuctien@quatest3.com.vn</a> or <a href="quatest3@hcm.vnn.vn">quatest3@hcm.vnn.vn</a>

Phone: (84-8) 82 94 274 Fax: 848-829-3012

Website: http://www.quatest3.com.vn

Vietnam National Fishery Quality and Veterinary Directorate

10 Nguyen Cong Hoan Street - Hanoi - Vietnam

Tel: 844- 8354 966/fax: 844 – 8317221 E-mail: nafiqaved@mofi.gov.vn

Contact: Mr Nguyen Tu Cuong, Director

NAFIQAVED (National Fishery Inspection)

30 Ham Nghi, Ben Nghe Ward District 1, Ho Chi Minh City,

Vietnam

Tel: (84-8) 8210815 Fax: (84-8) 821 2613

Contact: Mr. Le Dinh Hung, Director

Hanoi People's Committee

Department of External Relations

81 Dinh Tien Hoang Hanoi, Vietnam

Tel: 844-826-7570; Fax: 844-825-3584 Contact: Prof. Dr. Nguyen Quang Thu, Director

Email: <a href="mailto:ntm@hn.vnn.vn">ntm@hn.vnn.vn</a>

Ho Chi Minh City People's Committee

Department of External Relations

6 Alexandre de Rhodes, District 1, Ho Chi Minh City

Tel: 848-822-4224; Fax: 848-825-1436 Contact: Mr. Le Quoc Hung, Director

Vietnam Chamber of Commerce and Industry (VCCI)

9 Dao Duy Anh Street Hanoi, Vietnam

T. 1. 044 574 2161 F

Tel: 844-574-2161; Fax: 844-574-2020

Contact: Mr. Nguyen Ngoc Thang, Deputy General Director, International Relations Dept. (Cell: 84-913-024-244)

Email: vcci@fmail.vnn.vn

Chamber of Commerce and Industry of Vietnam (VCCI)

Trade Service Company, General Trading & Consultancy Department

79 Ba Trieu Street Hanoi, Vietnam

Tel: 844-826-5667 Fax: 844-826-6649

Email: vcci tsc@yahoo.com

Contact: Mr. Dao Duy Tien, General Manager

Chamber of Commerce and Industry of Vietnam (VCCI) / HCMC

171 Vo Thi Sau St, District 3, HCMC

Tel: (84-8)932-7301; Fax: (84-8)932-5472

Email: vcci-hcm@hcm.vnn.vn

Contact: Mr. Nguyen The Hung, Deputy Director General

Investment & Trade Promotion Center 51 Dinh Tien Hoang St, District 1, Ho Chi Minh City, Vietnam

Tel: (84-8) 823-6738 Fax: (84-8) 824-2391

Email: itpc@hcm.vnn.vn

http://itpc.hochiminhcity.gov.vn/

Contact: Mr. Truong Trong Nghia, Director Cell: 84-903-811-378

AmCham Hanoi

M Floor, Business Center Hilton Hanoi Opera No. 1 Le Thanh Tong Street

Hanoi, Vietnam

Tel: 844-3-934-2790 Fax: 84-43-934-2787

E-mail: <u>info@amchamhanoi.com</u>

adam@amchamhanoi.com

Contact: Mr. Adam Sitkoff, Executive Director

AmCham HCMC 76 Le Lai, District 1 Ho Chi Minh City, Vietnam Tel: (84-8) 824-3562

Cell: (84) 90393-7293 Fax: (84-8) 824-3572

Email: herb.cochran@amchamvietnam.com Contact: Mr. Herb Cochran, Executive Director

#### **Vietnamese Websites:**

NOTE: Most Vietnamese websites contain both English and Vietnamese documents.

Vietnam Embassy in Washington <a href="http://www.vietnamembassy-usa.org">http://www.vietnamembassy-usa.org</a>

Ministry of Health www.moh.gov.vn Directorate for Standards & Quality www.tcvn.gov.vn Vietnamese Customs Agency www.customs.gov.vn Ministry of Foreign Affairs www.mofa.gov.vn www.mof.gov.vn Ministry of Finance www.fistenet.gov.vn Ministry of Fishery Ministry of Trade www.mot.gov.vn Ministry of Ag and Rural Development www.mard.gov.vn www.vitranet.com.vn/agr Agricultural Market Vietnam Fruit www.vietcam.com Contact Vietnam www.contactvietnam.com Local exporters list, commercial law www.hcmctrade.gov.vn

Hanoi Dept. of Planning and Investment
Info on Mekong River Delta
www.sokhdthanoi.gov.vn
www.viic-mekong-delta.com

Info on Mekong River Delta's capital <a href="www.cantho.gov.vn">www.cantho.gov.vn</a>

 Legal documents
 www.vietlaw.gov.vn

 Representative office up procedures
 www.vietbig.com

 Vietnam Trade
 www.vietrade.gov.vn

 HCMC airport
 www.saigonairport.com

 HCMC tourism
 www.saigontourist.net

 HCMC Tax Bureau
 www.hcmtax.gov.vn

#### Trade Shows info:

http://www.vietnamtradefair.com/fair/hc th12.htm

#### **Government and Ministries:**

Government and Cities' Websites

http://www.chinhphu.vn/portal/page? pageid=33,1& dad=portal& schema=PORTAL

National Assembly <a href="http://www.na.gov.vn/">http://www.na.gov.vn/</a>

Ho Chi Minh City

http://www.hochiminhcity.gov.vn/home/left/tin tuc/tin noi bat/2005/06/22-06-2005.01

http://update.hochiminhcity.gov.vn/home/index cityweb

Ba Ria Vung Tau

http://www.baobariavungtau.com.vn/viet/phapluat/6629/

#### **Ministries:**

Ministry of Industry

http://www.moi.gov.vn/News/Detail.asp?Sub=4&id=11534

Diplomatic Organization

http://www.vietnamembassy-usa.org/

Biotech Vietnam

http://www.agbiotech.com.vn/en/?mnu=preview&key=349.

http://www.hcmbiotech.com.vn

Vietnamese Companies' Information

http://www.info.vn/?rcom=1&comid=5502&lang=en

Vietnam Veggie and Flowers information

http://www.rauhoaquavn.vn/

www.rauhoaquavietnam.vn

Yellow Pages

http://www.yellowpages.com.vn

# APPENDIX-STATISTICS

# Table 1: Key Trade and Demographic Information

Agricultural Imports From All Countries (\$Mil) / U.S. Market Share (%) 1/ 4,20
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Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%) 1/	660/32
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share (%)	200/4.8
Total Population (Millions) / Annual Growth Rate (%) in 2007	85/1.2
Urban Population (Millions) / Annual Growth Rate (%) in 2007	27.3/2.28
Number of Major Metropolitan Areas	5
Size of the Middle Class (Millions) / Growth Rate (%)	N/A
Per Capita Gross Domestic Product (U.S. Dollars) in 2007	800
Unemployment Rate (%) (in urban areas) in 2007	4.64
Per Capita Food Expenditures (U.S. Dollars) in 2004	150
Percent of Female Population Employed in 2004	41.4
Exchange Rate (US\$1 = X.X local currency) As of September 24, 2008	VND 16,640

Source: Traders, Vietnam's General Statistics Office and World Bank Office, Vietnam

# Table 2: Imports of consumer foods and edible fishery products to Vietnam (N/A)

Vietnam does not provide this data to the U.N. trade data system nor is it available outside the government.

Table 3: Top 15 suppliers of consumer food and edible fishery product (N/A)

Table 4: Vietnam Exports-Imports of Agriculture, Fishery and Forest Products, 2006 - 2007

Unit: Thousand metric ton and \$ million

Description	2007 estima	ated	2006		
	Quantity	Value	Quantity	Value	
EXPORTS					
Total exports of agriculture, fishery and forest products	_	12,598		\$10,614	
1. Agricultural products		6,223		\$5,081	
of which					
Coffee	1,174	1,817	981	\$1,217	
Rubber	699	1,360	708	\$1,286	
Rice	4,507	1,465	4,643	\$1,276	
Tea	113	129	106	\$110	
Cashew nut	150	641	127	\$504	
Peanut	36	31	14	\$10	
Pepper	84	278	117	\$190	
Vegetable/fruits	0	298	0	\$259	
Sugar	13	5	6	\$2	

milk and milk products	0	34	0	\$90
animal fat/vegetable oil	0	47	0	\$15
2. Fishery Products		3,752		\$3,358
3. Forestry Products		2,623		\$2,175
of which: - Wood products	0.0	2,354	0.0	\$1,933
'- bamboo and other forest products	0.0	217	0.0	\$192
- Cinnamon	14.9	16.2	14.8	\$14.4
IMPORTS				
key import items				
Fertilizers	3,728	982	3,119	\$687
of which- Ure	749	203	728	\$176
- S A	949	130	734	\$78
- DAP	645	259	755	\$226
- N P K	244	74	148	\$36
- Other fertilizers	1,139	317	753	\$171
Pesticide and pesticide materials	0	368	0	\$305
Wheat flour	72	22	38	\$9
Wheat	1,200	338	1,246	\$225
Sugar	31	9	119	\$49
Animal feed and feed materials	0	1,124	0	\$737
Animal fat/vegetable oil	0	463	0	\$257
Rubber	176	355	234	\$416
Cotton	196	263	181	\$219
Milk and milk products	0	453	0	\$321
Forestry Products	0	1,002	0	\$775

Source: Ministry of Industry and Trade

Table 5: US exports of consumer oriented products to Vietnam

_		JANUAR	JANUARY - JULY						
CONSUMER_ORIENTED		VALUES I	<b>N 1000</b> DO	LLARS		CO	COMPARISONS		
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	%CHNG	
DAIRY PRODUCTS	6,553	29,140	50,595	53,689	52,844	30,910	55,277	78.83	
RED MEATS, PREP/PRES	3	3,007	13,673	11,777	36,942	13,184	20,441	55.04	
RED MEATS, FR/CH/FR	268	3,370	10,917	7,210	32,628	6,936	84,073	1112.13	
TREE NUTS	867	683	357	12,560	30,874	4,999	15,044	200.94	
POULTRY MEAT	155	4,734	812	6,731	27,740	8,399	57,762	587.72	
FRESH FRUIT	4,357	4,158	8,049	8,461	13,288	2,483	3,428	38.06	
OTHER CONSUMER ORIENTED	3,210	2,594	3,651	3,721	6,333	1,739	5,298	204.66	
PROCESSED FRUIT & VEG	1,991	1,431	2,831	3,081	4,365	1,653	2,059	24.56	
SNACK FOODS	1,374	1,249	1,242	1,955	2,484	1,142	1,380	20.84	

FRUIT & VEG JUICES	610	232	513	285	1,035	433	1,185	173.67
PET FOODS	34	46	8	417	825	318	598	88.05
WINE AND BEER	295	412	514	486	729	243	608	150.21
NURSERY PRODUCTS	0	0	182	24	140	87	5	-94.25
BREAKFAST CEREALS	267	0	17	14	101	7	462	6500
EGGS & PRODUCTS	0	20	55	151	94	82	77	-6.1
FRESH VEGETABLES	0	0	569	0	36	17	0	
TOTAL	19,984	51,078	93,983	110,561	210,457	72,633	247,696	241.02

Source: BICO

Table 6: U.S. Exports of Fishery Products to Vietnam

		JANUARY - DECEMBER					JANUARY - JULY			
	V.	ALUES I	N 1000 DC	COMPARISONS						
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	%CHNG		
OTHER FISHERY PROD	821	1,915	1,049	1,899	3,062	1,597	1,507	-5.64		
CRAB	117	928	1,138	53	2,443	729	1,862	155.42		
SHRIMP	646	494	204	542	1,445	1,012	1,870	84.78		
TUNA	39	102	165	93	1,431	448	0			
SCALLOPS	3	17	23	588	728	101	21	-79.21		
SALMON (NOT CANNED)	102	1,091	721	2,577	351	57	517	807.02		
HALIBUT	0	0	0	17	0	0	198			
MACKEREL	14	68	212	142	0	0	153			
TOTAL	1,786	4,918	3,713	7,059	9,619	4,053	6,167	52.16		

Source: Department of Commerce, U.S. Census Bureau, Foreign Trade Statistics